

Message Text

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12

ACTION NEA-12

INFO OCT-01 ADP-00 EB-11 SS-15 L-03 INR-10 RSR-01 RSC-01

/054 W

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R 180920Z AUG 73

FM USINT CAIRO

TO SECSTATE WASHDC 3622

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

C O N F I D E N T I A L CAIRO 2498

STADIS////////////////////////////////////

EO 11652: GDS

TAGS: BEXP EG

SUBJECT: SUMED

1. ROGER TAMRAZ CALLED ON AUGUST 18 AND TOLD ME THAT SADAT HAD MET WITH KAMEL ADHAM IN ALEXANDRIA AND HAD AGREED WITH ADHAM TO ACCEPT THE KIDDER, PEABODY PROPOSAL FOR SUMED ON THE FOLLOWING FOUR CONDITIONS:

(A) BECHTEL'S PRELIMINARY ESTIMATE OF DOLLARS 300 MILLION FOR FOREIGN EXCHANGE COSTS IS CONFIRMED AS THE FINAL CONTRACT PRICE;

(B) EXIM BANK PARTICIPATES IN THE FINANCING PACKAGE;

(C) A SHARE OF THE PROCUREMENT AMOUNTING TO APPROXIMATELY DOLLARS 80 MILLION IS GIVEN TO EUROPEAN COUNTRIES; AND

(D) ARAB CAPITAL IS ALLOWED TO PARTICIPATE IN THE FINANCING.

2. IN DISCUSSING THESE REQUIREMENTS, TAMRAZ SAID THAT "C" AND "D" WERE NO PROBLEM AND WERE IN FACT ALREADY INCLUDED IN THE KIDDER, PEABODY PROPOSAL. AS FOR THE CONFIDENTIAL

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TOTAL PRICE, HE IS AWAITING FINAL WORD FROM BECHTEL,

WHICH HAS BEEN PROMISED SOMETIME BETWEEN AUGUST 21 AND AUGUST 29. TAMRAZ WAS OPTIMISTIC THAT BECHTEL WILL CONFIRM THE ESTIMATED FIGURE.

3. ACCORDING TO TAMRAZ, SADAT TOLD ADHAM THAT THE PARTICIPATION OF THE EXIM BANK IS POLITICALLY VERY IMPORTANT TO HIM. SADAT FEELS HE NEEDS EXIM PARTICIPATION IN ORDER TO DEMONSTRATE BOTH TO QADHAAFI AND TO THE SOVIET UNION THAT HE IS NOT COMPLETELY DEPENDENT ON THEIR ECONOMIC AID. TAMRAZ SAID THAT EXIM HAD PROMISED TO REPLY BY AUGUST 31 TO THE REQUEST FOR A PRELIMINARY COMMITMENT. TAMRAZ PLANS TO TELEPHONE DON BOSTWICH OF EXIM FROM BEIRUT AS SOON AS HE CAN RETURN TO HIS OFFICE THERE.

3. COMMENT: IN LIGHT OF SADAT'S SPECIFIC COMMITMENT TO THE KIDDER, PEABODY PROPOSAL, I RECOMMEND THAT DEPARTMENT NOW MAKE STRONG REPRESENTATION TO EXIM BANK TO ISSUE PRELIMINARY COMMITMENT BY AUGUST 31.
WILEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CAIRO02498
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS WILEY
Errors: N/A
Film Number: n/a
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730829/aaaaavfk.tel
Line Count: 80
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 10 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Dec-2001 by martinml>; APPROVED <04-Jan-2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUMED
TAGS: BEXP, EG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005